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Entrepreneurs' Social Responsibilities From Islamic Perspective: A Study Of Muslim Entrepreneurs In Malaysia

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Abstract

The success of an entrepreneur from an Islamic perspective is not only measured in terms of material success. This is because human needs are not subjected just to the property they own, but encompasses all aspects required by the *maqasid al-Shariah* - namely religion, intelligence, life, honor as well as physical property. Therefore, an assessment of whether the entrepreneur succeeds or fail is based on the concept of *maqasid al-Shariah*. This study aims to examine the social responsibility of a Muslim entrepreneur in Malaysia in fulfilling *maqasid al-Shariah* aspects with regards to their responsibilities to family members, the poor as well as their responsibility towards the Muslim community by providing employment opportunities to society, doing business in accordance with Islamic law and create an economic system based on *Islamic's sharia*. This study will focus on the relationship between the achievement of Muslim entrepreneurs in Malaysia and their social responsibility by using Pearson's correlation test. The study found a significant relationship between the achievement of Muslim entrepreneurs in Malaysia with social responsibility undertaken by them.

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1. Introduction

Social responsibility from the western's perspective refers to an organization's responsibility to maintain and improve the livelihood of the organization's aligned with their own. According to Keith Davis (1975) and Robert L. Bloomstrom (2002), social responsibility is a mean to increase social welfare. Stephen P Robbins (2002) and Rusinal (1999) view social responsibility as an obligation of a business firm to achieve its long-term goal, and have a positive impact on society as a whole, while at the same time reducing the negative impact on them. Keith Davis and (1979) Robert L. Bloomstrom (2002) considers the scope of responsibility to include the whole community and not just

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narrowed down to certain parties only. Its role is to improve the livelihood and yet preserve all their interests. This will result in a better quality of life whilst harmonizing the activities of the organization in line with the society.

From the Islamic perspective, social responsibility is very much similar to the *takaful* concept that emphasizes on the community's benefits of which is built and based on relationship characteristics. The benefit gained from these is intended to fulfill the *maqasid al-Shari'ah* mandates of religion, intelligence, life, honor and dignity as well as property. The term *takaful* – as written by Muhammad Jamaluddin Mahmud (1992) states that *takaful* is providing sincere assistance from the rich to the poor, from of a cluster of strong to weak groups, from people who have knowledge to the ignorant. They don't expect anything in return, but they would like to see progress and change in society. Furthermore, in Islam, *takaful* is about implementing the teachings found in the allocation of the Quran or the hadith without expecting anything in return. Apart from the Islamic perspective, a Muslim should fulfill the five basic elements known as *maqasid al-Shariah*. Based on the requirements mentioned, Islamic's concept of social responsibility is to realize the needs of the community in terms of religion, intelligence, life, honor and dignity as well as property (Hailani Muji Tahir:2000).

According to Abdul Rahman Rosbi (2010), social responsibilities towards Islam includes being obligated to pay Zakat, helping the less fortunate and doing business in accordance with Islamic law; whilst social responsibilities of the mind is the need to love - they will only have a healthy mind and senses if they are to interact with family members and the community. Without common sense, an entrepreneur will not be able to conduct their business wisely, but instead encourage them to revert to violence, terrorism. These loss of respect and love ultimately defers them from fulfilling their social responsibility. Social responsibility towards their own life, on the other hand is to satisfy the needs and safety of self, family and society based on Islamic economic system. An entrepreneur need to realize that all these responsibilities are for the welfare of all and does nothing that would jeopardize himself and society. Social responsibility of an entrepreneur to maintain his dignity respect would then be reflected if the dignity and the descendants of other Muslim entrepreneurs' are reserved. To be able to execute these social responsibilities would then enable them to honor themselves and be recognized by family and society. The social responsibility towards his wealth is via alms giving and charity donations to ensure that the work he have done in the field of entrepreneurship will be blessed by Allah SWT. Based on the implementation of social entrepreneurs, this study will focus on social responsibility conducted by successful entrepreneurs in Malaysia. This research should be discussed in this conference because entrepreneurs' social responsibilities are one of many practical steps for the entrepreneurs who are involved in the business field in order to plan a strategic management system in their own business. The focus on the importance of entrepreneurs' social responsibilities will not only impact positively towards the growth of the economy, but also to the growth of the society as a whole. This research is expected to be able to contribute something positively to the academicians, participants and those who are involved in the strategic management of the organization.

2. Literature Review and Hypotheses

Corporate Social Responsibility (CSR) is a corporate commitment to improve the welfare of the community through its business practices and contributions that can be given back to the community. CSR means the responsible to take into account the interests of clients, employees, shareholders, stakeholders, communities and ecological considerations in all of it business aspects. In addition, the social responsibility to society refers to the involvement of entrepreneurs in contributing their time, money and ideas for community. Social responsibility should be carried out voluntarily. In Islam, the exercise of social responsibility is encouraged - as evidenced in Allah's words which means :-

We divide between them the essentials of their lives in this world (Some of us were made rich, some of us were made poor and suffers: And we also raise half of the highest rank of the other half. (Made) so that the those with part of the facility they're glad to work from (help) each other. And the Lord's blessing (the way of life and the Hereafter) is better than the any materialistic that they merely collect. (Surah Az-Zukhuf:32)

The above verse explains the importance of social responsibilities to those in need. According to Philip Nacy Cotler and Lee (2005), most successful entrepreneurs in the west such as Andrew Carnegie and Bill Gates have carried out their social responsibility to the community by donating most of their assets to charitable organizations and those in need. Some western companies even have their own foundation to do charity works, and as such will increase their reputation with its main shareholders. According to Philip and Lee (2005), a report from an investment company in

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